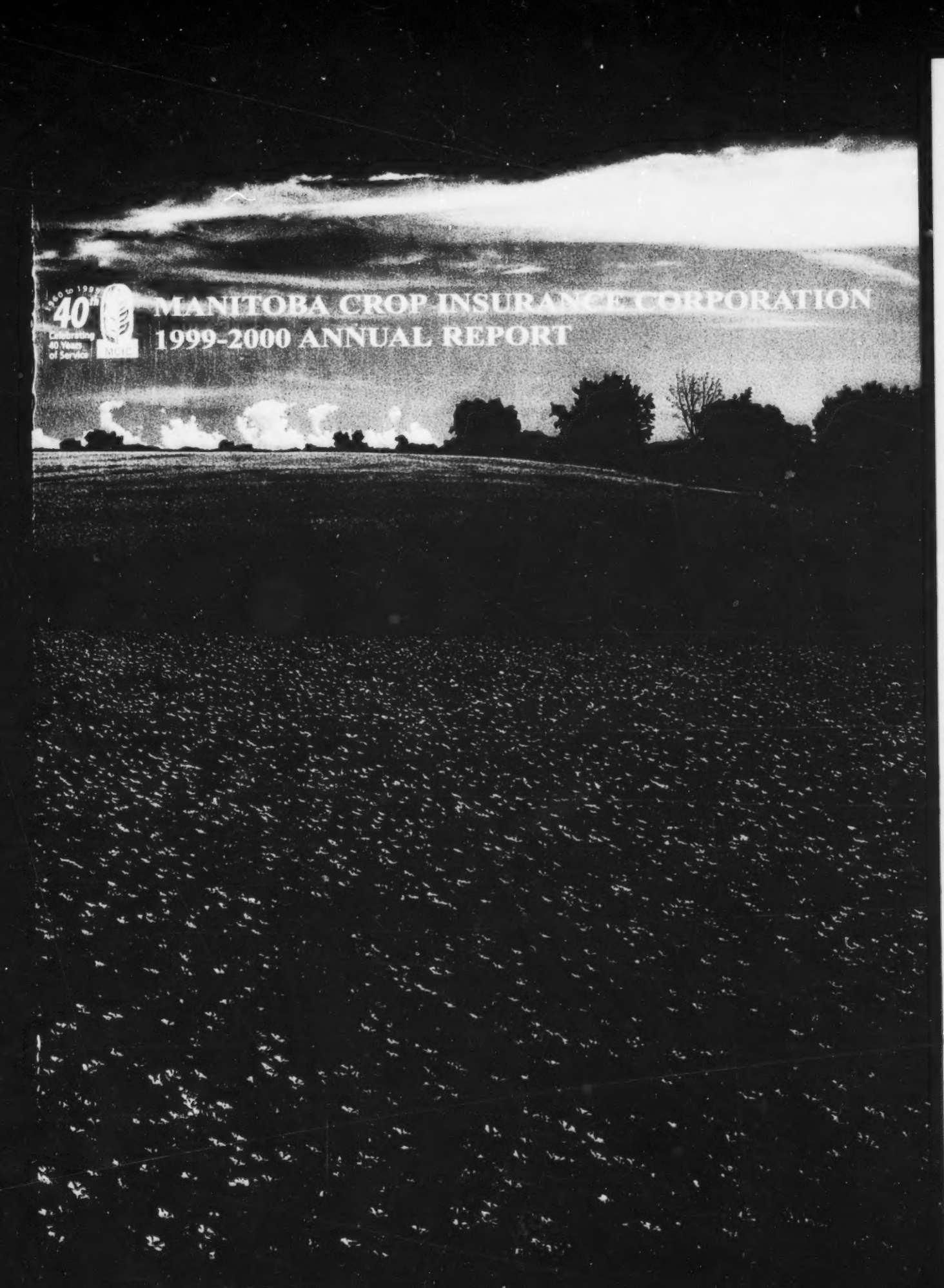
1960 to 2000
40th
Celebrating
40 Years
of Service
MANITOBA CROP INSURANCE CORPORATION
1999-2000 ANNUAL REPORT

101-00243/

LETTERS OF TRANSMITTAL

The Honourable Peter M. Liba
Lieutenant-Governor of Manitoba
Room 235 Legislative Building
Winnipeg, Manitoba
R3C OV8

May It Please Your Honour:

I have the privilege of presenting for the information of Your Honour, the Annual Report of the Manitoba Crop Insurance Corporation for the fiscal year ending March 31, 2000.

Respectfully submitted,

Rosann Wowchuk

Rosann Wowchuk
Minister of Agriculture and Food

MANITOBA CROP INSURANCE CORPORATION

The Honourable Rosann Wowchuk
Minister of Agriculture and Food
Room 165 Legislative Building
Winnipeg, Manitoba
R3C OV8

Dear Madame:

Presented herewith is the Manitoba Crop Insurance Corporation's Annual Report for the fiscal year ending March 31, 2000.

Respectfully submitted,

Walter W. Kolisnyk
Chairman
Board of Directors

Manitoba
Crop Insurance Corporation

MISSION STATEMENT

To offer Manitoba's agricultural producers risk management programs which provide stability and assist in adapting to change.

MANITOBA CROP INSURANCE CORPORATION

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Cover Photo by:
Mike Grandmaison

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MISSION STATEMENT

To offer Manitoba's agricultural producers risk management programs which provide stability and assist in adapting to change.

CORPORATE VALUES

We Value Our:

Clients - The needs and interests of our clients come first.

Excellence in job performance by dedicated staff - Excellence in our work is recognized and rewarded.

Good working relationships - We share our ideas and work cooperatively with our clients and business associates in an open and forthright manner.

Public trusteeship role - We manage our operations to the benefit of all parties involved.

Contribution to the agricultural sector - We help Manitoba's agricultural industry achieve sustainable economic growth and financial stability. We encourage our staff to be positive role models and leaders in their communities.

CORPORATE GOALS

The Corporation's Business Plan focuses on six major goals:

- improving customer service and product knowledge, with increased emphasis on individual needs;
- reducing financial risk faced by the agricultural sector by increasing the percentage of production insured;
- insuring the financial sustainability of our programs and improving the administrative efficiency of program delivery;
- exercising effective corporate governance based on sound business principles combined with public policy considerations;
- enhancing staff motivation and training, following a service oriented approach; and
- providing producers with effective management information, thereby assisting in increasing their productivity and reducing their financial risk.

MANITOBA CROP INSURANCE CORPORATION

BOARD OF DIRECTORS

Walter W. Kolisnyk, Chairman
Minitonas

Ian R. Wishart, Vice-Chairman
Portage la Prairie

Patricia E. Fehr
Gretna

Brad R. Mroz
Beausejour

Barry J. Routledge
Lenore

Back Row: Barry Routledge, Brad Mroz, Pat Fehr
Front Row: Ian Wishart, Walter Kolisnyk

LEGAL COUNSEL

Thompson Dorfman Sweatman

CORPORATE OFFICERS

Neil A. Hamilton, B.S.A., M.Sc., Ph.D.
General Manager

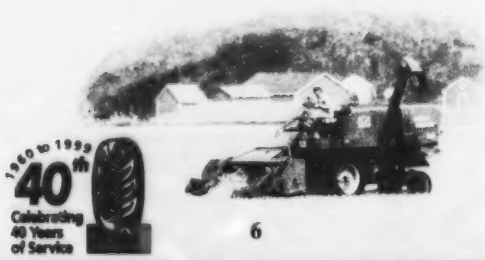
Jim V. Lewis, B.S.A., C.M.A.
Director of Finance and Administration

Herb Sulkers, B.Sc.
Director of Field Operations

David R. Sauder, B.S.A., M.Sc.
Director of Research and Program Development

Kim M. Poschenrieder, B.S.A., P.Ag.
Corporate Secretary

Back Row: Kim Poschenrieder, David Sauder
Front Row: Herb Sulkers, Neil Hamilton, Jim Lewis



CHAIRMAN'S MESSAGE

This year marked the 40th anniversary of the Manitoba Crop Insurance Corporation. Since 1960, MCIC has expanded and adapted crop insurance to meet the needs of its customers. MCIC currently administers three major programs – Crop Insurance, Hail Insurance and Wildlife Damage Compensation.

The last 40 years have seen a great deal of change. In 1960 there were a total of four risk areas, with much of the province not being eligible for insurance. Insurable crops were confined to wheat, oats, barley and flax. Crops were insured at 60% of the long-term average yield for the risk area. There are now 15 risk areas covering the entire agricultural region of the province. Insurance is available on over 40 different crops. Coverage is now available at 50%, 70% or 80% of the soil zone probable yield, adjusted for the individual's relative yield performance over time. In 1960, 20% of Manitoba's total annual crop acres were insured with a total coverage of $4 million. In 1999, the Manitoba Crop Insurance Corporation is pleased to report that over 80% of annual crop acres were insured with a total insured value of $855 million.

I would like to take this opportunity to provide an overview of the 1999 crop insurance year. A new insurance program was introduced for annual ryegrass seed, and more specialized insurance was provided for feed wheat, prairie spring wheat and different bean types. In response to the changing needs of Manitoba producers, enhancements were made to many of the existing programs, including forage establishment and tame hay insurance.

As producers continue to diversify in order to increase their economic return, effective risk management programs become increasingly important. To address this, MCIC's Board and staff continued their long-standing tradition of extensive consultations with producers and agricultural organizations to discuss current issues and needs. With Manitoba farmers continuing to adapt to higher transportation costs and low commodity prices, the production of higher value crops and the related need for risk management are expected to increase. The Board of Directors is very mindful of the fact that the expanding demand for crop insurance products may be tempered by the availability of agricultural safety net funding.

Seeding in the spring of 1999 proved to be a challenge for many Manitoba farmers. Excessive moisture caused delayed seeding in almost every area of the Province, with some areas not able to seed at all. Over one million acres of cropland were not seeded, with the southwest part of the Province being the worst affected. In response to this, MCIC's final seeding deadline was extended to June 25 to accommodate the late seeding. For 2000, a universal excess moisture insurance program is being implemented at no cost to producers.

In 1999, MCIC was involved in the administration of two major ad hoc programs. A special warrant was approved by the Province of Manitoba in August 1999, authorizing $71 million in ad hoc payments to farmers for losses due to the inability to access farmland for crop and feed production due to excessive moisture and flooding. The resulting Manitoba Farm Disaster Assistance Program (MFDAP) contained four components, namely, custom seeding, unseeded land, forage restoration and hay shortfall. MCIC successfully administered this program on time and at an administrative cost of about .6% of compensation payments.

In February 2000, the Governments of Canada and Manitoba reached an agreement to provide a further $100 million of assistance to Manitoba farmers who grew cereal grains, oilseeds or special crops, to assist in the adjustment from the elimination of transportation subsidies. This program, known as the Canada-Manitoba Adjustment Program (CMAP), is also being administered by MCIC.

In cooperation with the Manitoba Rural Adaptation Council (MRAC), MCIC continues to make agronomic information from MCIC's database available to farmers and the agricultural [illegible]. This project is referred to as the

1960 to 1999 40th Celebrating 40 Years of Service

Management Plus Program (MPP). MCIC is embarking on an extension of MPP that will allow farmers to access a data warehouse via the internet, thereby providing customized data and comparisons. In developing this new initiative, MCIC is attempting to provide access to as much data as possible, while at the same time ensuring that the confidentiality of individual data is protected.

In 1999, MCIC provided hail insurance coverage on over two million acres. A pilot project was successfully completed where hail claim adjustments on wheat were calculated using lap-top computers, thereby increasing the efficiency and accuracy of claim processing. This marked the first time in MCIC's history that a claim was completely processed electronically. This project will be expanded to additional crops for the 2000 crop year.

I would like to take this opportunity to thank two former Board members, Charlie Mayer and Vernon Nelson, for their dedicated efforts and contributions to the Corporation and the farmers of Manitoba. I would also like to welcome Brad Mroz as a newly appointed member of the Board. I look forward to working with the present Board members Pat Fehr, Ian Wishart, Barry Routledge and Brad Mroz as I accept my new responsibilities as Chairman.

On behalf of the members of the Board, I would like to thank the management and staff of the Corporation for their continuing efforts on behalf of Manitoba's producers and agricultural industry. It is a tribute to their hard work and dedication that crop insurance continues to function smoothly in addition to their added responsibilities related to the delivery of ad hoc programs and year 2000 conversion. I look forward to the challenges ahead and trust that MCIC's commitment to providing Manitoba's agricultural producers with effective risk management programs will provide stability in the future.

Walter W. Kolisnyk
Chairman

ADMINISTRATION

The Manitoba Crop Insurance Corporation (MCIC) is a Crown Corporation of the Province of Manitoba. The Corporation's policies are established by its Board of Directors which reports directly to Manitoba's Minister of Agriculture and Food. The Board and staff consult on a regular basis with producers and producer groups with respect to crop insurance issues and needs.

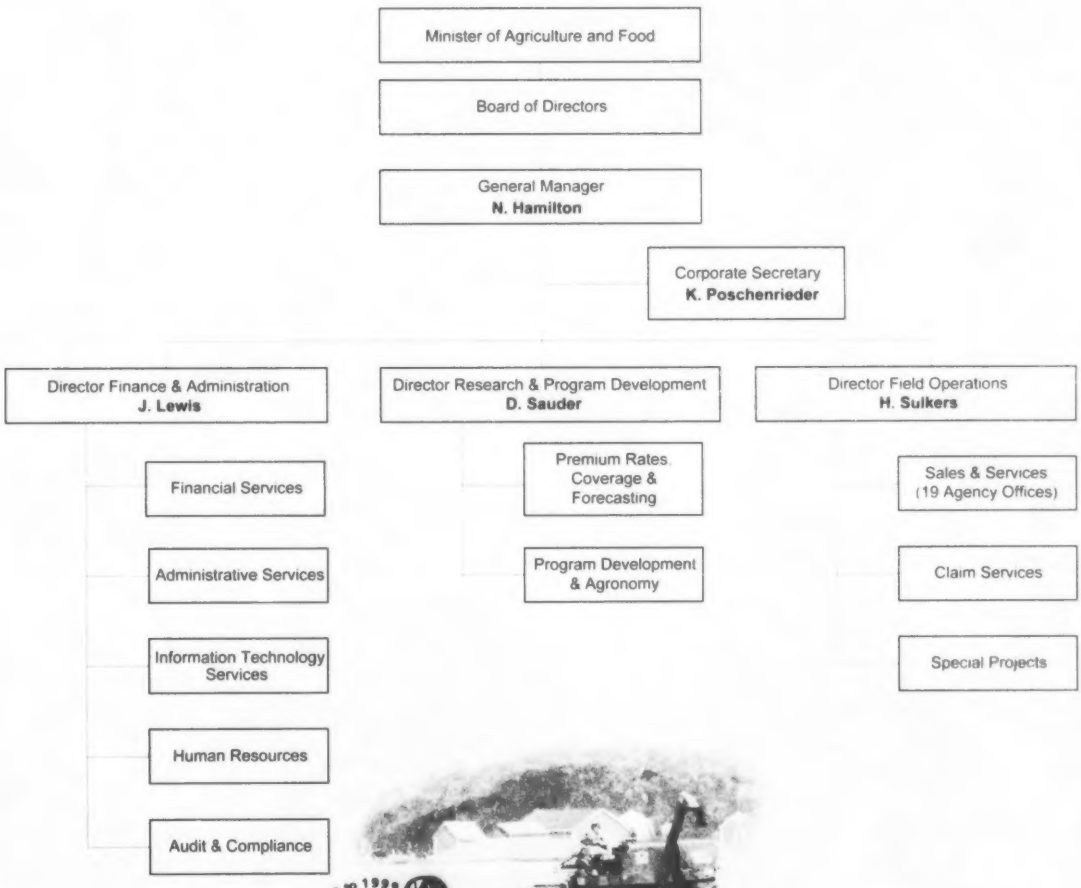
In 1997, the Corporation came under the purview of the Crown Corporations Council, which provides an assessment and review of its business affairs.

The Corporation has a permanent complement of 100 staff years, supplemented as required by adjusting and part-time staff and seconded positions from the Manitoba Department of Agriculture and Food. In 1999/00, MCIC employed over 140 adjusters.

Programs and services are delivered by 19 Agency Offices, strategically located throughout agro-Manitoba as shown on Page 23. Head Office is located in Portage la Prairie. All Agency Offices are directly tied to the main computer at Head Office for efficient access to client's data. A local area network provides for electronic communications amongst all staff and offices.

ORGANIZATION CHART

Manitoba Crop Insurance Corporation - March 31, 2000



MANITOBA CROP INSURANCE CORPORATION

CURRENT PROGRAMS

CROP INSURANCE PROGRAM

The Crop Insurance Program provides production insurance against natural perils for 42 separate crops. Insurance is also provided for forages during the establishment stage and for the inability to seed land due to excess moisture.

The natural perils covered by insurance include drought, excess moisture, excess rainfall, flood, frost, hail, fire, excess heat, wind, wildlife and waterfowl, disease and pests. Causes of loss that are within an insured producer's control are not covered.

Producers can select coverage levels of 50%, 70% or 80% on an annual basis. Individual crops can be insured at different coverage levels or can be excluded from coverage completely. Coverage is based on the producer's probable yield multiplied by the coverage level selection multiplied by the number of insured acres. If harvested production falls below coverage, an indemnity equal to the production shortfall multiplied by the dollar value is paid to the insured producer.

The Province is divided into fifteen areas of similar crop production risk based on factors such as climate, topography and yield history. The risk areas, which are shown on Page 22, form the geographic basis for coverage and premium determination. The probable yields (based on 10 year averages) used to determine coverage are individualized based on the producer's yield history relative to the area average.

Premium costs are shared between insured producers and the Governments of Canada and Manitoba. For the 50% coverage level, there is no producer premium, with the cost being paid 60% by Canada and 40% by Manitoba. For coverage above the 50% level and for unseeded land insurance, producers pay half of the premium cost with the remainder shared equally by Canada and Manitoba. A producer's claim experience results in premium discounts or surcharges.

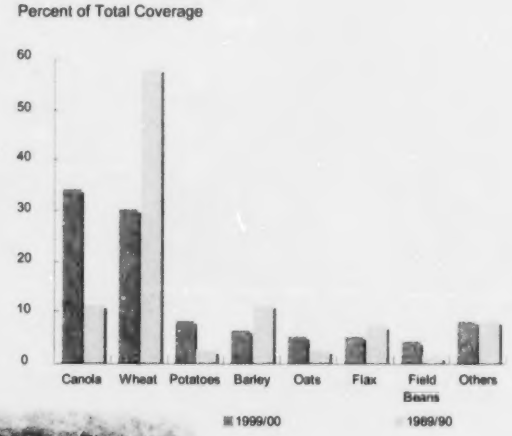
Producers pay a $0.20 per acre administration fee. In 1999, the administration fees charged to producers covered approximately 19% of the total administrative expenses. The remainder of the administrative expenses is shared equally by the two levels of government.

Claims are adjusted on a crop specific basis. Insured producers receive indemnity payments based on the difference between their coverage and the total amount of harvested production. If the grade of the harvested crop falls below the quality guarantee, harvested production is reduced in relation to the market value of the crop.

Table 4 on Page 17 provides a summary of insurance written for 1999/00, including the major causes of loss by crop. Seven of Manitoba's major crops (canola, wheat, barley, flax, potatoes, oats and field beans) account for over 91% of total coverage. Compared to the levels of ten years earlier, the percentage of total coverage written for 1999/00 has increased for canola (309%), oats (250%), potatoes (400%) and field beans (400%) and has decreased for wheat (52%), barley (55%) and flax (71%). The change in the mix of insured crops reflects the movement by Manitoba producers toward diversification and higher value crops. The relative shift in crops is illustrated in Figure 1.

Figure 1

COVERAGE WRITTEN
Crop Insurance Program



Excess moisture was the major cause of loss in 1999 accounting for 61% of total losses. Other substantial causes of loss included frost (17%), disease (11%) and hail (5%). Figure 2 shows the 1999/00 causes of loss, with the historical causes shown in Figure 3.

The 1999 crop insurance loss ratio (losses as a percentage of premium) averaged 50%. By crop, the largest loss ratios occurred in prairie spring wheat (281%), feed wheat (211%), native hay (187%) and mustard (140%). The smallest loss ratios occurred in vegetables, grain corn, soybeans, and tame hay, all of which had loss ratios of 10% or less.

In summary, 7.7 million acres were insured under the Crop Insurance Program for the 1999 crop year. The acreage decline from 1998 is the result of 1.1 million acres left unseeded due to excess moisture. Figure 4 illustrates the acres insured over the past five years. Total premiums for 1999/00 were $85.5 million on $855 million of coverage liability. Indemnity payments for the year totalled $42.6 million. A historical summary of premiums and indemnities is shown in Table 5 on Page 20 and is also illustrated in Figure 5.

After accounting for interest revenue of $10.7 million, MCIC realized a $52.8 million operating surplus for the year. This resulted in retained earnings increasing from $175.7 million to $228.6 million.

Figure 2

1999/00 CAUSES OF LOSS
Crop Insurance Program

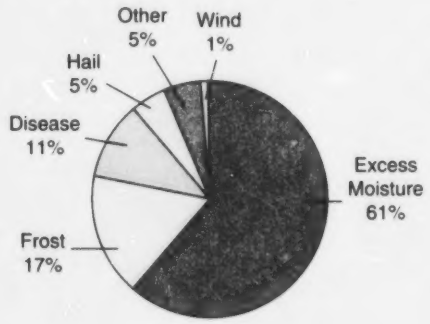


Figure 3

1966/67 to 1998/99 CAUSES OF LOSS
Crop Insurance Program

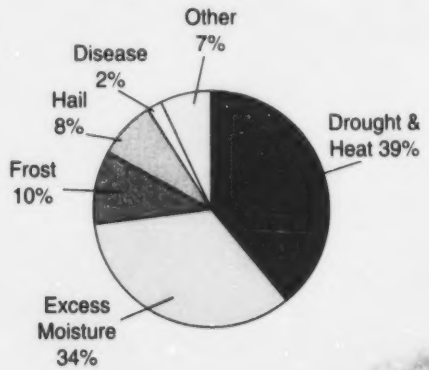


Figure 4

ACRES INSURED
Crop Insurance Program

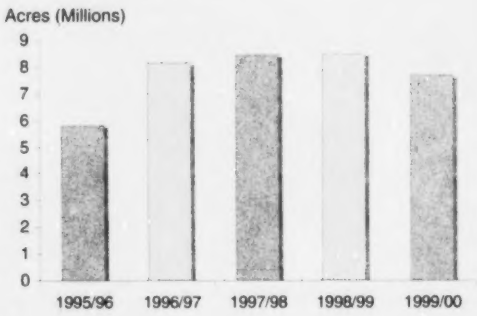
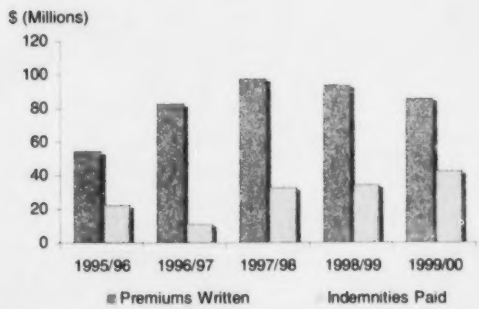


Figure 5

TOTAL PREMIUMS AND INDEMNITIES
Crop Insurance Program



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MANITOBA CROP INSURANCE CORPORATION

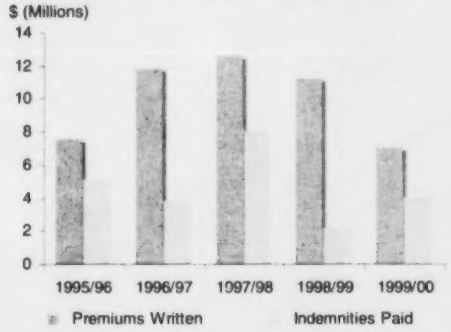
HAIL INSURANCE PROGRAM

Additional spot loss protection against hail damage is available to producers enrolled in the Crop Insurance Program. Producer premiums pay for the full cost of the Hail Insurance Program, including administrative expenses. Premium rates are calculated based on the Crop Insurance risk areas, rather than by township as offered by private insurance companies. Coverage can be selected at any time during the growing season and is available in various dollar amounts depending on the crop. The Hail Insurance Program also provides coverage for losses due to accidental fires.

In 1999/00, 3,378 producers insured 2.0 million acres for a total coverage of $185 million. Total premiums were $7.0 million with indemnities of $4.0 million. The resulting loss ratio was 58%. Figure 6 provides a summary of Hail Insurance experience over the last five years.

Figure 6

TOTAL PREMIUMS AND INDEMNITIES



After adjusting for interest revenues and administrative expenses, a $2.2 million operating surplus for the year resulted in retained earnings increasing from $19.3 million to $21.5 million.

GROSS REVENUE INSURANCE PLAN

At the end of the 1995/96 crop year, the Gross Revenue Insurance Plan (GRIP) was discontinued. The Manitoba component of this national program operated for five years (1991/92 to 1995/96) and was administered by the Corporation. GRIP was offered as a top-up to crop insurance and provided producers with a combination of price and yield insurance.

In February of 1997, $47.5 million of the ending surplus was distributed to participating producers according to their respective premium contributions. The balance of the surplus, $22.3 million as of March 31, 2000, continues to earn interest and will be distributed when all issues relating to GRIP are finalized.

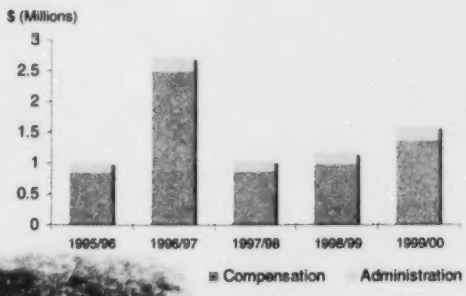
WILDLIFE DAMAGE COMPENSATION PROGRAM

The Wildlife Damage Compensation Program reduces the financial loss suffered by agricultural producers from damage to crops and other agricultural products caused by migratory waterfowl and big game. In 1997/98, the Wildlife Damage Compensation Program was expanded to include compensation for agricultural livestock killed or injured by natural predators.

Producers are expected to take all reasonable steps to prevent wildlife damage and predator attacks. Crop damage compensation is paid based on 100% of lost production, taking into account crop quality. Compensation for livestock losses due to predation is based on market prices.

Figure 7

WILDLIFE DAMAGE COMPENSATION PROGRAM



For 1999/00, wildlife damage compensation payments and administration fees totalled $1.6 million. Payments increased from the previous year mainly due to higher crop losses caused by waterfowl.

Experience for the three program components is shown in Table 1 below. Figure 7 (as shown on the previous page) provides a summary of historical wildlife compensation levels and administrative expenses for the last five years.

Table 1

WILDLIFE DAMAGE COMPENSATION PROGRAM								
Damage Caused by	**Number of Claims**		**Compensation (000)**		**Administration (000)**		**Total (000)**	
	1999/00	**1998/99**	**1999/00**	**1998/99**	**1999/00**	**1998/99**	**1999/00**	**1998/99**
Big Game	445	735	$ 655.4	$ 697.7	$ 112.5	$ 130.5	$ 767.9	$ 828.2
Waterfowl	402	94	570.2	191.9	57.4	14.2	627.6	206.1
Livestock Predation	478	307	152.7	121.4	44.9	27.3	197.6	148.7
Total Wildlife Damage Compensation Program	1,325	1,136	$1,378.3	$1,011.0	$ 214.8	$ 172.0	$1,593.1	$1,183.0

MANAGEMENT PLUS PROGRAM

Through the extension activities of the Management Plus Program (MPP), MCIC is assisting producers to make more informed management decisions, which in turn should reduce crop insurance claims. The MPP was started in 1993 and is currently a joint project of MCIC, the Manitoba Department of Agriculture and Food, the Manitoba Rural Adaptation Council, the Manitoba Cooperator and the Keystone Agricultural Producers. Information distributed to producers in 1999/00 included the variety performance information publication "Yield Manitoba" and an updated "1st Choice Variety Information Data Browser" software application. Development of a web-enabled data warehouse was also initiated. The benchmark information provided through MPP is considered by producers and the agricultural industry to be a very valuable resource.

MANITOBA FARM DISASTER ASSISTANCE PROGRAM

In June 1999, the Corporation started administering the Manitoba Farm Disaster Assistance Program (MFDAP). This program provided assistance for losses due to the inability to access farmland for crop and feed production due to excess moisture in the spring of 1999. The program consisted of four components:

- Custom Seeding – reimbursed up to $10/acre for custom seeding done between June 1 and the final Crop Insurance seeding date;
- Unseeded Land – provided a payment of $50/acre for land too wet to seed as of June 25;
- Forage Restoration – provided up to $75/acre for forage destroyed by excess moisture ($25 for lost production, $50 for re-establishment); and
- Hay Shortfall – provided $25/acre for forage that was inaccessible due to excess moisture when producers had inadequate overwinter hay supplies.

Table 2 summarizes the expenditures by program component. The total funding of $70.4 million for this program was provided by the Government of Manitoba.

Table 2

MANITOBA FARM DISASTER ASSISTANCE PROGRAM		
Program Component	**Number of Claims**	**Expenditure (000)**
Unseeded Land	5,264	$ 56,843.7
Forage Restoration	803	4,204.5
Hay Shortfall	659	3,089.8
Custom Seeding	2,207	5,811.9
Administration	-	440.7
Total Manitoba Farm Disaster Assistance Program	8,933	$ 70,390.6

CANADA-MANITOBA ADJUSTMENT PROGRAM

The Canada-Manitoba Adjustment Program (CMAP) is also being administered by the Corporation. Introduced in February 2000, this program will provide up to $100 million to producers of specific grains, oilseeds and special crops. CMAP is a one-time payment to assist producers in adjusting to the elimination of transportation subsidies during a period of low commodity prices. Payments are calculated on the basis of gross sales, to a maximum of $125,000 of qualifying sales per individual. The maximum qualifying sales for a Corporation is $625,000. The program is cost shared by the Governments of Canada (60%) and Manitoba (40%). Initial payments of 6.5% of qualifying sales are to be mailed to producers in April and May 2000. A final payment will be made after all appeals have been heard and the amount available for disbursement has been determined.

Table 3

FIVE YEAR STATISTICS

	1999/00	1998/99	1997/98	1996/97	1995/96
Crop Insurance Program *					
Total coverage ($ millions)	855	884	900	755	488
Number of producer contracts	11,273	11,644	12,421	12,788	11,972
Insured acres (000)	7,687	8,496	8,439	8,175	5,811
Premiums written - Producers ($000)	23,492	25,517	26,833	23,435	26,952
Premiums written - Govt. of Canada ($000)	34,874	38,320	39,656	33,074	13,468
Premiums written - Prov. of Manitoba ($000)	27,164	29,800	30,910	25,955	13,484
Total premiums written ($000)	85,530	93,638	97,399	82,465	53,904
Indemnities paid ($000)	42,573	34,346	32,495	11,102	22,249
Number of claims paid	6,194	6,831	5,929	3,097	7,515
Administrative expenses ($000)	8,667	8,541	8,454	8,485	8,223
Average acres per contract	682	730	679	639	485
Average coverage per contract ($)	75,865	75,927	72,494	59,071	40,792
Average coverage level selected (%)	71.3	71.4	71.1	71.5	70.7
Average producer premium per contract ($)	2,084	2,191	2,160	1,833	2,251
Average total premium per contract ($)	7,587	8,042	7,841	6,449	4,503
Average indemnity per claim ($)	6,873	5,028	5,481	3,585	2,961
Net income for the year ($ millions)	52.8	58.4	52.3	48.1	16.2
Funds retained at year end ($ millions)	228.6	175.7	117.3	65.0	16.8
Hail Insurance Program					
Total coverage ($ millions)	185	274	308	316	187
Number of producer contracts	3,378	4,533	5,203	5,364	3,705
Insured acres (000)	2,029	3,009	3,384	3,440	2,151
Premiums written ($000)	7,012	11,232	12,583	11,813	7,589
Indemnities paid ($000)	4,048	2,173	7,987	3,801	5,107
Number of claims paid	1,331	746	2,106	1,582	1,576
Administrative expenses ($000)	1,418	1,460	1,869	1,747	1,518
Average acres per contract	601	664	650	641	581
Average coverage per contract ($)	54,885	60,517	59,163	58,871	50,477
Average premium per contract ($)	2,076	2,478	2,418	2,202	2,048
Average indemnity per claim ($)	3,042	2,912	3,793	2,403	3,241
Net income for the year ($ millions)	2.2	8.7	2.5	6.8	1.2
Funds retained at year end ($ millions)	21.5	19.3	10.6	8.1	1.3
Wildlife Damage Compensation Program					
Number of claims paid	1,325	1,136	767	1,466	1,191
Amount of compensation paid ($000)	1,378	1,011	890	2,510	859
Administrative expenses ($000)	215	172	146	215	153
Average compensation per claim ($)	1,040	890	1,160	1,712	721

* All Crop Insurance Program numbers, except net income and funds retained, exclude the Livestock Feed Security and Honey Programs, both of which are no longer in effect.

MANITOBA CROP INSURANCE CORPORATION

1999 CROPPING CONDITIONS

Manitoba farmers, especially those in the western region, faced a challenging year in 1999. Many areas had excess precipitation combined with cooler weather, which delayed seeding, haying and harvesting. The cool damp weather was also the perfect environment for diseases like fusarium to flourish. Field management was a struggle all season with the variable weather conditions hampering spraying and cultivation operations. Delayed planting and variable weather also meant that harvest was long and drawn out for many producers.

Carry-over soil moisture was unusually high due to heavy rains in the summer and autumn of 1998. Hot dry conditions in April allowed for an early start to seeding, particularly in eastern and south central regions where there was less snow cover. Heavy rains throughout Manitoba in the latter part of May caused flooding and waterlogging of many fields, particularly in the western portions of the province. Southwestern Manitoba received over four times its normal amount of precipitation in May. Continued wet conditions into June left over one million acres unseeded with other land seeded significantly later than the optimum date.

Rains continued into early July and temperatures were often 6° to 8° C below the seasonal average. The continued cool weather resulted in late seeded crops being anywhere from one to four weeks behind normal development during the growing season. Late seeded crops suffered from early frost in parts of western Manitoba. In contrast, many areas of the central and eastern regions experienced an early spring and an early harvest, resulting in record yields and good quality.

Cool wet conditions in September and October interfered with the harvesting of later seeded crops leading to a deterioration of crop quality. Fortunately, there was an extended warm dry period during most of November which allowed the majority of the late seeded crops to be harvested with only a few crops left out over winter.

The above average crops in the central and eastern parts of the province were offset by lower yielding crops in the west. On a provincial basis, red spring wheat, barley, Argentine canola and flax averaged 37, 57, 33 and 20 bu/ac, respectively.

Table 4

MANITOBA CROP INSURANCE CORPORATION

Crop Insurance Program
Summary of Insurance Written and Major Causes of Loss by Crop (for the year ended March 31, 2000)

Crop	Acres	Coverage (000)	Total Premium (000)	Indemnities (000)	Loss Ratio (%)	Major Causes of Loss	(%)		(%)		(%)
Red Spring Wheat	2,383,581	$233,169.6	$19,844.2	$15,813.9	80	Excess Moisture	60	Frost	17	Disease	17
Durum Wheat	25,694	2,077.9	206.2	223.4	108	Excess Moisture	54	Disease	28	Frost	16
Extra Strong Wheat	86,711	8,351.2	903.3	525.4	58	Excess Moisture	44	Frost	36	Disease	8
Prairie Spring Wheat	51,228	4,895.9	519.7	1,460.3	281	Frost	41	Disease	27	Excess Moisture	26
Feed Wheat	12,146	1,245.9	142.4	300.9	211	Excess Moisture	44	Frost	36	Disease	18
Winter Wheat	68,085	4,678.8	634.5	147.0	23	Winterkill	44	Excess Moisture	27	Drought	11
Barley	752,035	51,001.8	3,896.9	4,362.2	112	Excess Moisture	66	Frost	13	Disease	13
Oats	545,991	39,043.7	3,324.2	1,924.1	58	Excess Moisture	55	Disease	20	Frost	10
Mixed Grain	6,100	283.1	36.8	8.9	24	Excess Moisture	51	Frost	29	Hail	9
Fall Rye	48,329	2,399.0	299.8	49.6	17	Excess Moisture	86	Hail	9		
Triticale	3,747	155.5	17.2	6.9	40	Excess Moisture	100				
Canola	2,099,522	290,165.6	30,960.3	6,924.4	22	Excess Moisture	66	Frost	18	Hail	7
Flax	460,750	39,009.9	4,099.6	2,814.0	69	Excess Moisture	65	Frost	22	Hail	6
Mustard	4,873	447.9	86.5	121.3	140	Excess Moisture	75	Frost	24		
Oil Sunflowers	26,094	3,563.2	411.3	250.5	61	Excess Moisture	80	Insects	8		
Non Oil Sunflowers	77,808	13,780.1	1,671.5	1,568.0	94	Excess Moisture	63	Frost	16	Insects	6
Buckwheat	22,885	1,480.7	428.7	173.2	40	Excess Moisture	58	Frost	27	Hail	12
Grain Corn	81,481	11,450.5	2,193.9	175.7	8	Excess Moisture	63	Hail	15	Frost	14
Silage Corn	15,084	2,129.0	116.9	72.6	62	Excess Moisture	79	Frost	11	Wind	5
Potatoes	65,765	69,622.2	4,394.5	1,915.6	44	Excess Moisture	64	Disease	30		
Vegetables *	492	766.8	58.2	0.0	0						
Field Peas	75,569	5,271.0	530.6	265.1	50	Excess Moisture	80	Disease	7	Hail	7
Lentils	12,241	1,667.9	307.9	349.3	113	Excess Moisture	70	Frost	17		
Fababeans	5,946	443.7	83.4	9.0	11	Excess Moisture	99				
Field Beans *	183,480	35,181.2	6,426.6	979.1	15	Excess Moisture	55	Frost	30		
Soybeans	2,764	235.2	43.4	1.4	3	Excess Moisture	98				
Tame Hay *	268,660	15,508.0	1,777.3	93.1	5	Excess Moisture	86	Drought	10		
Native Hay	22,281	459.5	115.0	215.3	187	Excess Moisture	100				
Forage Establishment	53,698	1,676.6	340.3	65.5	19	Excess Moisture	39	Drought	32	Poor Germination	11
Pedigreed Timothy Seed	13,381	724.9	136.8	17.8	13	Excess Moisture	50	Frost	23	Heat	14
Alfalfa Seed	29,823	4,959.3	1,041.8	1,196.9	115	Excess Moisture	54	Hail	21	Wind	12
Canaryseed	17,339	1,416.9	172.2	67.3	39	Excess Moisture	86	Frost	6		
Annual Ryegrass Seed	2,600	224.8	37.3	9.0	24	Excess Moisture	68	Frost	32		
Unseeded Land	160,854	7,740.0	272.4	276.6	102	Excess Moisture	100				
Unallocated Adjustments			(2.0)	189.4							
Total All Risk	7,687,037	$855,227.3	$85,529.6	$42,572.7	50	Excess Moisture	61	Frost	17	Disease	11

*Field Beans includes White Pea, Pinto, Kidney and Cranberry, and Other Field Beans
Tame Hay includes Alfalfa, Alfalfa/Grass Mixtures, Grasses and Sweet Clover
Vegetables include Carrots, Cooking Onions, Rutabagas and Parsnips

MANITOBA CROP INSURANCE CORPORATION

FORTY YEARS OF CROP INSURANCE IN MANITOBA 1960-1999

Crop insurance was first offered to Manitoba farmers in 1960, making Manitoba the first province in Canada to provide all risk crop insurance.

In 1959, the Parliament of Canada passed the Crop Insurance Act. This enabled the Government of Canada to contribute to provincial crop insurance programs. In that same year, Manitoba's Legislature passed The Crop Insurance Test Areas Act which provided for the establishment of crop insurance programs and their related administrative requirements. These Acts followed upon the two Manitoba Commissions of 1940 and 1954 which reviewed the feasibility of insurance and documented the interest shown by Manitoba farmers.

The Manitoba Crop Insurance Corporation (MCIC) has come a long way since 1960, when wheat, oats, barley and flax were the only insurable crops. Insurance was offered in only four test areas covering approximately 20% of Manitoba's agricultural land base. In 1999, MCIC insured 42 different crops on just under 8 million acres.

MCIC's highlights and major accomplishments can be summarized by decade, as follows:

The 1960s

In the 1960s, the Corporation provided basic insurance for the major field crops and established its fundamental administrative procedures.

- The Manitoba Crop Insurance Agency was initiated in 1959 to provide farmers with an alternative to public relief and other emergency measures, and to stabilize farmers' income. In 1961, the agency changed its name to the Manitoba Crop Insurance Corporation (MCIC).
- MCIC introduced the Unseeded Summerfallow Insurance Program. As well, coverage levels of 60%, 70% and 80% of the long-term average yield were offered.
- Initially, the producers' share of premium was 80%, but later was reduced to 75%.
- The Federal and Provincial governments paved the way for expansion of the program by accepting responsibility for reinsurance. By 1967, crop insurance was available across all [illegible] agro-Manitoba.
- The first decade of operations was marked by the expansion of insurable territory and increased participation. By the end of the 1960s, participation had grown from 2,500 contracts and 331,000 insurable acres to 14,200 contracts and 1.9 million insured acres ($32 million of coverage). The number of insured crops increased from four to thirteen.

The 1970s

The 1970s saw MCIC pioneer new insurance programs and enhance existing program features.

- MCIC introduced the Additional Hail Insurance Program in efforts to provide reasonably priced hail insurance to all areas of the province. Producers paid the full premium and administration costs for this program. A separate Hail Spot Loss Option was introduced as a subsidized feature of the Crop Insurance Program.
- To recognize the management practices of producers, MCIC introduced coverage adjustments and premium discounts/surcharges.
- The producers' share of the insurance premiums was further reduced to 50%, with the Federal Government contributing the other 50%. All administrative expenses were paid by the Provincial Government.
- By the end of MCIC's second decade, with many new programs such as forage insurance, and program enhancements, 18 separate crops were being insured with a total insured area of 4.2 million acres ($187 million of coverage).

The 1980s

In the 1980s, increased crop diversification led to insurance being offered on a host of special crops. MCIC also became involved in the administration of additional programs and ad hoc payments.

- MCIC offered new programs such as forage establishment insurance, the Livestock Feed Security Program and honey production insurance.
- MCIC administered the 1988 Canada-Manitoba Gree[illegible] Program which paid out a total of $9

million to producers. Administration of the National Tripartite Stabilization Programs as well as the Waterfowl Crop Damage Compensation Program was transferred to MCIC from the Departments of Agriculture and Natural Resources, respectively.

- Three drought years were experienced in the 1980s (1980, 1988 and 1989) with a total of $310 million paid out in all risk indemnities.
- Coverage level selection was limited to 70%, with three price options available for each crop.
- By the end of MCIC's third decade, the insured area had grown to 6.6 million acres, with insurance on 33 separate crops ($674 million of coverage).

The 1990s

The 1990s have been highlighted by MCIC's successful design and implementation of major farm safety net initiatives.

- MCIC administered and distributed to producers $62 million in funds under the Crop Loss Compensation Program and $70.4 million under the 1999 Manitoba Farm Disaster Assistance Program.
- The Gross Revenue Insurance Plan (GRIP) was introduced to provide assistance to producers in times of extremely low commodity prices. Over the five years this program was in place (1991 to 1995), MCIC issued payments to Manitoba farmers totaling $777 million.
- The big game component of the Wildlife Damage Compensation Program was transferred from the Department of Natural Resources to MCIC. In 1997, the program was expanded to include livestock predation.
- In 1990, cost sharing was changed to the premium being split between producers (50%) and the two levels of government (25% each). Administrative costs were shared equally between the two levels of government.
- The "Enhanced" Crop Insurance Program, the first of its kind in Canada, was introduced for the 1996 crop year. A coverage level of 50% was introduced at no charge to producers. Premiums for the 70% and 80% coverage levels were cost shared by the producers (50%), the Federal Government (25%) and the Provincial Government (25%).
- By the end of MCIC's most recent decade, MCIC insured 42 different crops on 7.7 million acres for a total coverage of $855 million. This accounted for over 80% of Manitoba's annual crop acreage. Manitoba has the highest percentage of insured acreage and the lowest administrative costs of any province in Canada.

MCIC's Board of Directors, management and staff are very proud of these accomplishments.

Table 5

MANITOBA CROP INSURANCE CORPORATION

Summary of Participation, Premiums and Indemnities Paid

Crop Insurance Program *

Year	Number of Contracts**	Acres	Coverage ($000)	Producer Premiums ($000)	Total Premiums*** ($000)	Indemnities ($000)	Annual Loss Ratio (%)
1960-61	2,472	331,166	4,072	255.5	319.4	87.1	27
1961-62	3,654	505,565	6,687	434.8	543.5	1,586.4	292
1962-63	4,413	748,461	9,480	684.2	855.3	531.5	62
1963-64	5,142	863,501	12,222	816.9	1,021.1	1,242.2	122
1964-65	6,141	997,929	13,655	941.0	1,176.2	279.3	24
1965-66	8,610	1,369,635	18,681	1,296.5	1,620.6	398.8	25
1966-67	12,915	1,921,053	25,910	1,756.9	2,196.1	796.4	36
1967-68	14,116	2,215,552	33,268	2,065.4	2,753.9	729.1	26
1968-69	14,481	2,268,143	36,418	2,324.4	3,099.2	2,288.5	74
1969-70	14,236	1,860,624	31,921	1,945.2	2,593.6	3,726.9	144
1970-71	13,669	1,587,276	26,873	1,505.2	2,006.9	2,061.5	103
1971-72	13,233	2,244,971	36,961	2,187.3	2,916.4	1,018.4	35
1972-73	11,945	2,027,966	35,354	1,895.8	2,527.8	983.1	39
1973-74	13,585	3,070,213	59,651	2,135.6	4,271.3	2,216.5	52
1974-75	13,878	3,220,838	81,769	2,846.6	5,693.2	8,299.4	146
1975-76	14,199	3,640,868	126,602	4,785.4	9,570.8	9,338.9	98
1976-77	14,583	4,019,879	151,564	5,630.8	11,261.7	8,881.8	79
1977-78	18,016	5,134,974	210,442	9,384.7	18,769.5	5,590.6	30
1978-79	15,950	4,551,774	189,208	8,273.6	16,547.2	6,445.4	39
1979-80	17,275	4,237,086	186,806	8,355.8	16,711.6	11,177.1	67
1980-81	14,176	4,741,665	245,847	9,763.1	19,526.1	55,288.7	283
1981-82	14,633	4,945,403	301,470	12,035.9	24,071.8	18,770.3	78
1982-83	14,087	4,869,848	309,764	13,256.1	26,512.1	22,600.4	85
1983-84	13,837	4,878,330	322,254	13,329.9	26,659.7	22,297.6	84
1984-85	14,087	5,201,958	355,025	15,028.4	30,056.8	29,543.0	98
1985-86	14,723	5,577,676	419,614	21,827.7	43,655.4	33,287.6	76
1986-87	14,671	5,567,024	416,133	21,509.1	43,018.1	36,561.7	85
1987-88	14,070	5,230,009	333,527	16,530.5	33,061.1	27,921.7	84
1988-89	14,068	5,622,239	375,629	19,188.4	38,376.8	117,923.8	307
1989-90	15,765	6,645,918	673,831	35,691.2	71,382.3	138,706.8	194
1990-91	15,670	6,436,601	567,129	36,966.5	73,932.9	25,196.0	34
1991-92	15,134	6,431,439	391,504	24,730.1	49,460.2	21,350.6	43
1992-93	13,660	5,899,450	442,477	25,465.3	50,930.7	39,328.4	77
1993-94	12,799	5,848,025	458,161	24,495.7	48,991.3	104,188.7	213
1994-95	12,482	6,319,940	512,912	27,161.3	54,322.6	38,036.7	70
1995-96	11,972	5,811,596	488,366	26,952.0	53,904.1	22,249.3	41
1996-97	12,788	8,175,360	755,404	23,435.3	82,464.7	11,101.5	13
1997-98	12,421	8,439,182	900,449	26,833.0	97,398.7	32,494.6	33
1998-99	11,644	8,495,967	884,092	25,517.2	93,637.5	34,346.3	37
1999-00	11,273	7,687,037	855,227	23,491.6	85,529.6	42,572.7	50

Hail Insurance Program

Number of Contracts	Acres	Coverage ($000)	Premiums ($000)	Indemnities ($000)	Annual Loss Ratio (%)
1,583	227,926	4,576	114.3	112.8	99
2,668	561,663	11,463	279.9	80.1	29
2,443	528,351	10,932	270.9	70.5	26
3,626	983,978	24,521	550.0	617.0	112
3,681	1,016,056	30,928	684.6	423.2	62
4,411	1,255,907	42,472	902.8	1,239.5	137
4,263	1,317,874	47,318	1,029.2	1,197.2	116
4,751	1,530,513	57,205	1,261.5	1,231.5	98
5,062	1,729,463	66,998	1,700.1	1,825.2	107
4,260	1,576,189	63,685	1,683.2	997.9	59
3,518	1,225,244	62,927	1,552.3	1,042.7	67
4,435	1,753,538	94,251	2,273.1	2,266.4	100
4,686	1,961,043	128,490	3,196.1	2,557.6	80
5,104	2,193,680	142,994	3,520.8	3,038.1	86
6,079	2,708,265	178,872	4,603.9	7,728.1	168
6,678	3,113,683	258,223	8,125.4	3,696.9	45
6,634	3,078,347	255,947	8,255.6	6,535.7	79
5,607	2,487,981	203,797	6,645.5	2,822.3	42
5,165	2,175,320	182,635	5,866.2	3,738.6	64
5,147	2,298,720	187,181	5,574.8	9,688.7	174
4,701	2,062,319	170,653	5,395.0	3,488.0	65
2,193	1,047,118	84,737	2,884.8	3,140.8	109
2,406	1,214,543	98,448	3,471.6	2,399.8	69
2,726	1,429,518	115,933	4,100.7	7,115.9	174
2,773	1,481,142	122,867	4,924.6	4,998.6	102
3,705	2,150,903	187,016	7,588.9	5,107.2	67
5,364	3,440,183	315,785	11,813.2	3,801.0	32
5,203	3,383,648	307,827	12,583.3	7,987.0	63
4,533	3,009,432	274,323	11,232.0	2,172.5	19
3,378	2,029,004	185,403	7,012.0	4,048.3	58

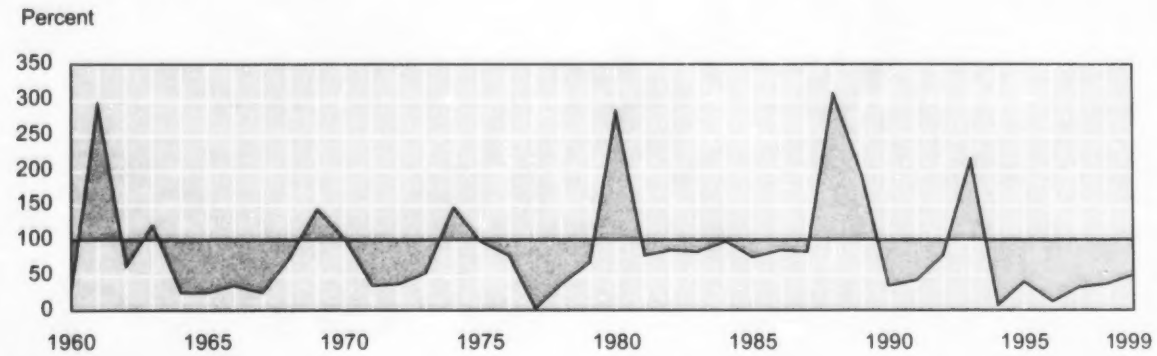
* Excludes Livestock Feed Security and Honey Programs

** Includes landlord contracts

*** The total premium represents the producers' share plus the Government of Canada and the Province of Manitoba's share

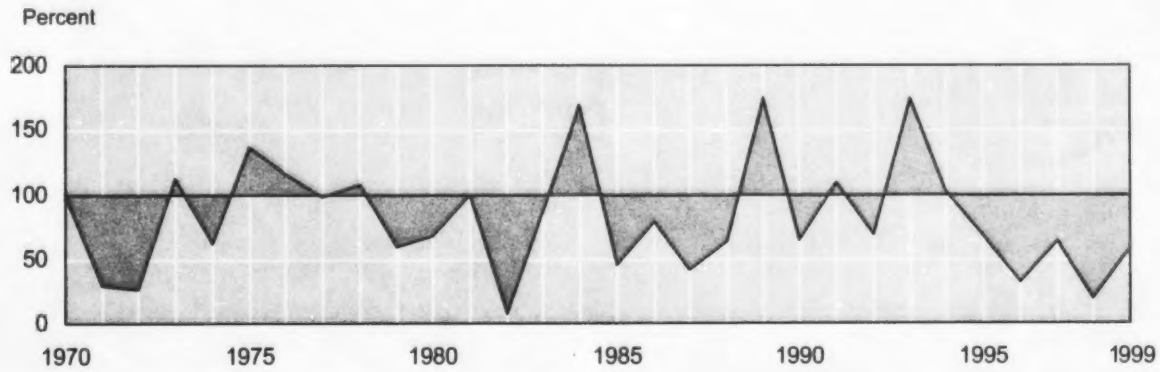
HISTORICAL LOSS RATIOS

CROP INSURANCE PROGRAM - LOSS RATIOS

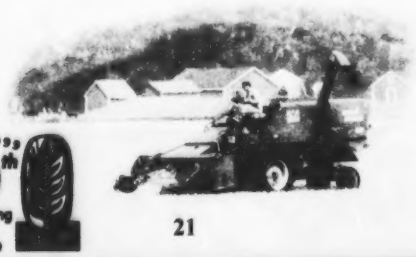


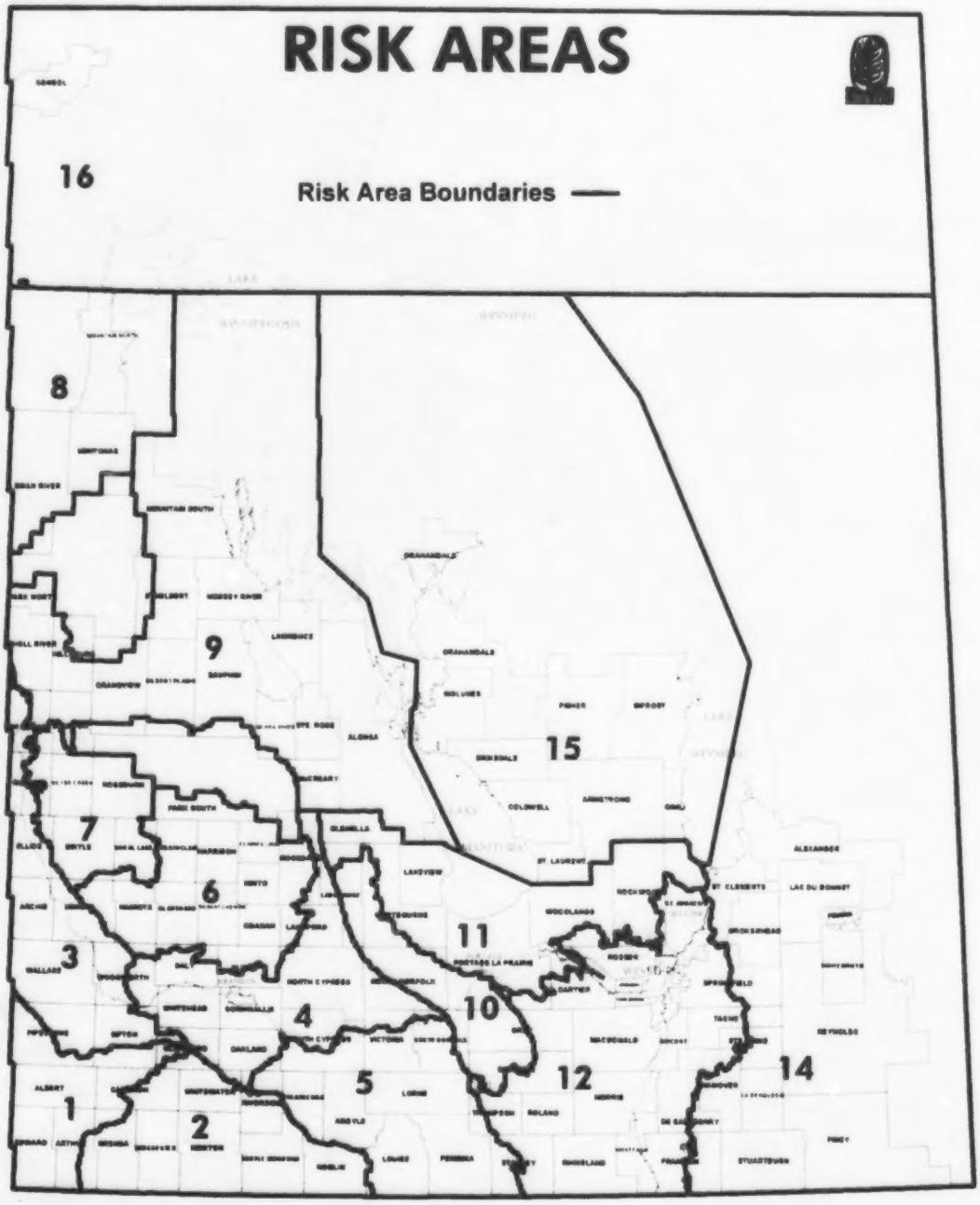
NOTE: In 1999, the loss ratio was 50%. For comparison purposes, the record low was 13% in 1996 and the record high was 307% in 1988.

HAIL INSURANCE PROGRAM - LOSS RATIOS



NOTE: In 1999, the loss ratio was 58%. For comparison purposes, the record low was 19% in 1998 and the record high was 174% in both 1989 and 1993.




RISK AREAS
Risk Area Boundaries
16
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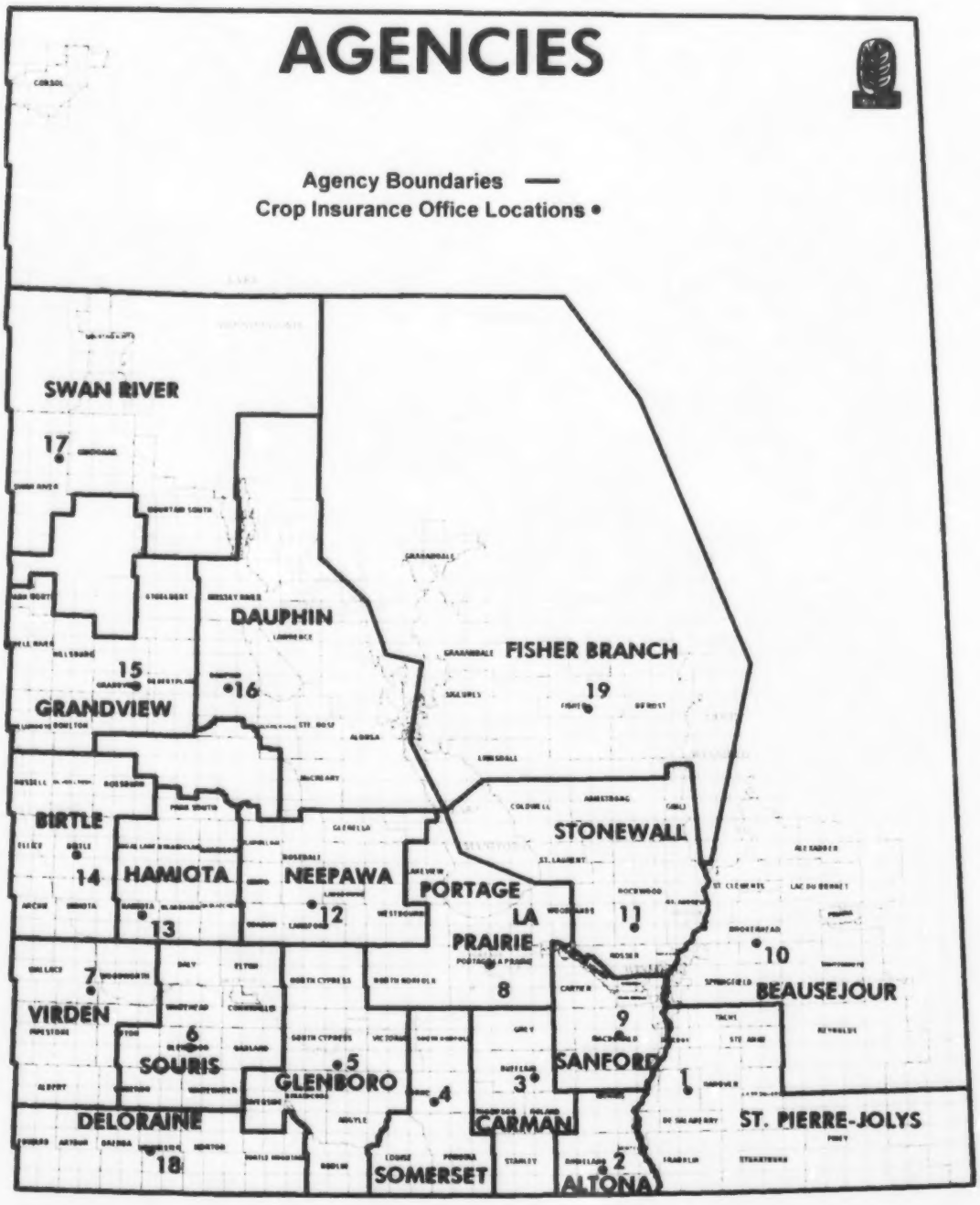
AGENCIES

Agency Boundaries —
Crop Insurance Office Locations •



1960 to 1999
40th
Celebrating 40 Years of Service

MANITOBA CROP INSURANCE CORPORATION

FINANCIAL STATEMENTS

for the year ended March 31, 2000

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RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Manitoba Crop Insurance Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report which it has prepared.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In addition, certain best estimates and judgements have been made based on a careful assessment of the available data.

The financial statements and accompanying notes are examined by the Provincial Auditor of the Province of Manitoba, whose opinion is included herein. The Provincial Auditor has access to the Board of Directors, with or without Management present, to discuss the results of their audit and the quality of financial reporting of the Corporation.

Neil Hamilton
General Manager

Jim Lewis
Director, Finance & Administration

June 23, 2000

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
Canada R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba and
To the Board of Directors of Manitoba Crop Insurance Corporation

We have audited the balance sheet of the Manitoba Crop Insurance Corporation as of March 31, 2000, the statement of operations and funds retained for the Crop Insurance program, the statement of operations and funds retained for the Hail Insurance program, the statement of cash flows and statements of revenue and expenditure for the other agricultural related programs administered by the Corporation on behalf of the Government of the Province of Manitoba, being statements 1-5. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as of March 31, 2000 and the results of its operations and its cash flows, and the revenue and expenditure transactions of the programs administered by the Corporation on behalf of the Government of the Province of Manitoba, for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Manitoba
June 23, 2000

James M. Martin, CA
for the Provincial Auditor

MANITOBA CROP INSURANCE CORPORATION
BALANCE SHEET

as at March 31, 2000

	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan (Note 4(A))	Other Programs (Note 4)	2000 Total	1999 Total
ASSETS						
Cash	$ 1,029,224	-	-	-	$ 1,029,224	$ 545,489
Short-term investments (Note 3(B))	222,633,952	20,498,839	22,249,009	-	265,381,800	211,352,593
Accounts receivable (Note 5)	9,396,064	954,233	80,612	100,791,612	111,222,521	7,764,684
Prepaid expenses	110,309	-	-	-	110,309	102,559
Interprogram receivable	-	106,346	28,206	229,618	364,170	133,284
	233,169,549	21,559,418	22,357,827	101,021,230	378,108,024	219,898,609
Capital assets (Note 6)	1,500,734	-	-	-	1,500,734	1,915,834
	$ 234,670,283	21,559,418	22,357,827	101,021,230	$ 379,608,758	$ 221,814,443
LIABILITIES AND FUNDS RETAINED						
Reinsurance premiums payable	$ 18,318	20,305	-	-	$ 38,623	$ 66,402
Indemnities payable (Note 7)	1,643,030	-	77,036	100,810,119	102,530,185	1,059,598
Accounts payable and accrued liabilities	2,592,310	-	3,089	211,111	2,806,510	2,494,433
Interprogram payable	364,170	-	-	-	364,170	133,284
Excess of revenue over expenditure	-	-	22,277,702	-	22,277,702	21,136,624
	4,617,828	20,305	22,357,827	101,021,230	128,017,190	24,890,341
Deferred revenue (Note 8)	1,500,734	-	-	-	1,500,734	1,915,834
Funds retained	228,551,721	21,539,113	-	-	250,090,834	195,008,268
	$ 234,670,283	21,559,418	22,357,827	101,021,230	$ 379,608,758	$ 221,814,443

APPROVED BY THE BOARD:

Walter A Kolisnyk — Chairman

Dan Wishart — Vice-Chairman

MANITOBA CROP INSURANCE CORPORATION

CROP INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2000

	2000	1999
Revenue:		
Premiums		
Insureds	$ 23,491,572	$ 25,517,172
Government of Canada (Note 3(F))	34,873,614	38,320,176
Province of Manitoba (Note 3(F))	27,164,368	29,800,183
	85,529,554	93,637,531
Less premiums ceded (Note 9)		
Reinsurance Fund of Canada	427,362	4,119,388
Reinsurance Fund of Manitoba	427,362	4,119,388
	854,724	8,238,776
Net premiums	84,674,830	85,398,755
Interest	10,742,993	7,429,577
Total revenue	95,417,823	92,828,332
Expenditure:		
Indemnities	42,572,655	34,346,342
Doubtful accounts	2,661	62,933
Administrative expenses - Schedule 1	8,666,572	8,541,374
Administrative expenses recovered from		
Government of Canada (Note 3(G))	(3,518,863)	(3,379,552)
Province of Manitoba (Note 3(G))	(3,524,556)	(3,384,747)
Insured producers (Note 3(G))	(1,623,153)	(1,777,075)
Net expenditure	42,575,316	34,409,275
Income for the year	52,842,507	58,419,057
Funds retained, beginning of year	175,709,214	117,290,157
Funds retained, end of year	$ 228,551,721	$ 175,709,214

MANITOBA CROP INSURANCE CORPORATION
HAIL INSURANCE PROGRAM
STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2000

	2000	1999
Revenue:		
Premiums	$ 7,011,997	$ 11,231,972
Less premiums ceded for reinsurance	543,430	-
Net premiums	6,468,567	11,231,972
Interest and surcharges	1,262,014	1,082,991
Total revenue	7,730,581	12,314,963
Expenditure:		
Indemnities	4,048,290	2,172,539
Administrative expenses, Schedule 1	1,417,889	1,460,139
Doubtful accounts	24,343	14,438
Total expenditure	5,490,522	3,647,116
Income for the year	2,240,059	8,667,847
Funds retained, beginning of year	19,299,054	10,631,207
Funds retained, end of year	$ 21,539,113	$ 19,299,054

MANITOBA CROP INSURANCE CORPORATION
STATEMENT OF CASH FLOWS

for the year ended March 31, 2000

	Crop Insurance Program	Hail Insurance Program	2000 Total	1999 Total
Cash provided by (used for)				
Operating activities:				
Income for the year				
Income before interest revenue	$ 42,099,514	978,045	$ 43,077,559	$ 58,574,336
Interest revenue	10,742,993	1,262,014	12,005,007	8,512,568
	52,842,507	2,240,059	55,082,566	67,086,904
Items not involving cash				
Changes in allowance for doubtful accounts	(167,496)	(6,502)	(173,998)	(61,525)
Amortization of capital assets	475,498	-	475,498	506,069
Changes in:				
Accounts receivable	(333,119)	(107,216)	(440,335)	(594,285)
Interest receivable	(2,066,734)	(208,000)	(2,274,734)	(2,501,481)
Prepaid expenses	(7,750)	-	(7,750)	(10,946)
Interprogram receivable payable	379,692	(120,275)	259,417	(183,966)
Reinsurance premiums payable	(48,084)	20,305	(27,779)	(50,754)
Indemnities payable	802,703	-	802,703	(116,328)
Accounts payable and accrued liabilities	150,693	-	150,693	112,625
Cash provided by operating activities	52,027,910	1,818,371	53,846,281	64,186,313
Investing activities:				
Purchase of short-term investments	(64,577,232)	(3,547,827)	(68,125,059)	(79,184,041)
Purchase of capital assets	(62,999)	-	(62,999)	(329,136)
Proceeds on disposition of capital assets	2,600	-	2,600	5,600
Cash utilized by investing activities	(64,637,631)	(3,547,827)	(68,185,458)	(79,507,577)
Financing activities:				
Deferred revenue	(415,100)	-	(415,100)	(182,533)
Cash utilized by financing activities	(415,100)	-	(415,100)	(182,533)
Net decrease in cash and short-term investments	(13,024,821)	(1,729,456)	(14,754,277)	(15,503,797)
Cash and cash equivalents, beginning of year	21,083,655	2,729,456	23,813,111	39,316,908
Cash and cash equivalents, end of year	$ 8,058,834	1,000,000	$ 9,058,834	$ 23,813,111
Cash and cash equivalents comprised of the following:				
Short term investments	$ 222,633,952	20,498,839	$ 243,132,791	$ 190,245,743
Short term investments with terms greater than 90 days	215,604,342	19,498,839	235,103,181	166,978,121
Short term investments with terms of 90 days or less	7,029,610	1,000,000	8,029,610	23,267,622
Cash		-	1,029,224	545,489
	[illegible]	[illegible],000	$ 9,058,834	$ 23,813,111

MANITOBA CROP INSURANCE CORPORATION

Statement 1

REVENUE PROTECTION - GROSS REVENUE INSURANCE PLAN (Note 4(A))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

		2000		1999
Revenue:				
Premiums, prior years				
Insureds	$	-	$	690
Government of Canada		-		1,898
Province of Manitoba		-		700
		-		3,288
Interest		1,058,750		1,045,263
Total revenue	$	1,058,750		1,048,551
Expenditure:				
Indemnities (recoveries), prior years		(55,480)		423,469
Doubtful accounts (recoveries)		(26,848)		(85,040)
Administrative expenses, Schedule 1		80,198		60,414
Administrative expenses recovered from				
Government of Canada		(37,769)		(29,305)
Province of Manitoba		(42,429)		(31,109)
Net expenditure (recoveries)	$	(82,328)		338,429
Excess of revenue over expenditure		1,141,078		710,122
Excess of revenue over expenditure, beginning of year		21,136,624		20,426,502
Excess of revenue over expenditure, end of year	$	22,277,702	$	21,136,624

MANITOBA CROP INSURANCE CORPORATION

Statement 2

WILDLIFE DAMAGE COMPENSATION PROGRAM (Note 4(B))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

	2000	1999
Revenue:		
Recovery of expenditures		
Government of Canada	$ 658,714	$ 490,377
Province of Manitoba	934,366	692,568
Total revenue	$ 1,593,080	$ 1,182,945
Expenditure:		
Indemnities	$ 1,378,262	$ 1,010,953
Administrative expenses		
Adjusters' wages and expenses	185,994	138,645
Audit fees and legal	12,823	12,680
Salaries and employee benefits	13,598	8,605
Other administrative expenses	2,403	12,062
	214,818	171,992
Total expenditure	$ 1,593,080	$ 1,182,945

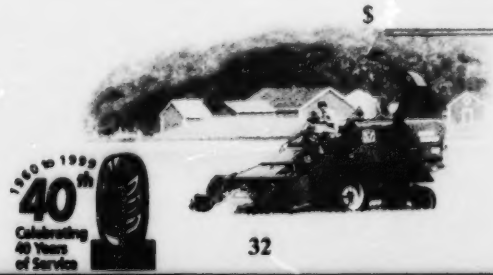
Statement 3

MANAGEMENT PLUS PROGRAM (Note 4(C))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

	2000	1999
Revenue:		
Recovery of expenditures		
Manitoba Rural Adaptation Council Inc.	$ 2,183	$ 40,563
Expenditure:		
Administrative expenses	$ 2,183	$ 40,563



MANITOBA CROP INSURANCE CORPORATION

Statement 4

MANITOBA FARM DISASTER ASSISTANCE PROGRAM (Note 4(D)

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

		2000
Revenue:		
Recovery of expenditures		
Province of Manitoba	$	70,390,550
Total revenue	$	70,390,550
Expenditure:		
Program payments	$	69,949,881
Administrative expenses		
Adjusters' wages and expenses		282,887
Audit fees and legal		19,583
Salaries and employee benefits		71,363
Other administrative expenses		66,836
		440,669
Total expenditure	$	70,390,550

Statement 5

CANADA-MANITOBA ADJUSTMENT PROGRAM (Note 4(E)

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2000

		2000
Revenue:		
Recovery of expenditures		
Government of Canada	$	60,000,000
Province of Manitoba		40,000,000
Total revenue	$	100,000,000
Expenditure:		
Program payments	$	99,900,000
Administrative expenses		
Advertising		20,000
Postage, printing and supplies		40,000
Salaries and employee benefits		14,500
Other administrative expenses		25,500
		100,000
Total expenditure	$	100,000,000

MANITOBA CROP INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2000

1. Authority

The Manitoba Crop Insurance Corporation was incorporated under a specific Statute of the Province of Manitoba, and operates under the authority of The Crop Insurance Act, Chapter C310 in the Continuing Consolidation of the Statutes of Manitoba.

2. Basis of Reporting

The financial statements of the Corporation are in such form as prescribed by Section 13 of The Crop Insurance Act, and are presented in accordance with generally accepted accounting principles.

3. Significant Accounting Policies

(A) Programs

Under the provisions of its Acts and regulations, the Corporation operates crop and hail insurance programs for Manitoba farmers.

The Corporation is also responsible for the administration of various agriculture related programs, including the Revenue Protection component of the Gross Revenue Insurance Plan and the Wildlife Damage Compensation Program, on behalf of the Government of Canada and the Province of Manitoba.

For financial accounting purposes, all programs are regarded as separate operations and are accounted for separately.

(B) Short-Term Investments

Short-term investments are carried at cost, which approximates market value. Funds available for short-term investment are invested with the Province of Manitoba, in accordance with Section 20(8) of The Crop Insurance Act.

(C) Capital Assets and Amortization

Capital assets are stated at cost less accumulated amortization. Capital assets are being amortized on a straight-line basis over their estimated useful lives, as follows:

Furniture and Equipment	10 years
Computer Hardware	4 years
Computer Software	4 years
Major Application Development	8 years
Leasehold Improvements	Remaining term of the lease

(D) Pensions

Effective April 1, 1998, the Corporation began matching employees' current pension contributions to the Civil Service Superannuation Plan. As a matching employer, the Corporation discharges its pension liability on a current basis and, therefore, has no additional pension obligation.

(E) Vacation and Severance Pay

Employees of the Corporation are entitled to vacation and severance pay in accordance with the terms of the Collective Agreement and Corporation policy. The liability for vacation and severance pay is recorded based on the Corporation's best estimates.

(F) Premiums and Government Contributions

The Corporation recognizes as revenue all premiums earned on policies in force during the year. The insurance premium rates are calculated annually by crop and risk area and are based on a 25-year average of historic loss experience adjusted for the program's current level of benefits. Premium rates are adjusted annually to maintain adequate reserves over time. This is done to ensure program self-sustainability.

Agreements between the Government of Canada and the Province of Manitoba provide for the cost sharing of the insurance premiums under the Crop Insurance Program. The insurance premiums for coverage of 50% of the insureds' probable yield are shared between the Government of Canada (60%) and the Province of Manitoba (40%). Premiums for insurance coverage above the 50% level are shared between the insureds (50%), the Government of Canada (25%) and the Province of Manitoba (25%).

(G) Administrative Expenses

The agreement relating to the Crop Insurance Program, referred to in Section (F) of this note, stipulates that administrative expenses, net of any administrative revenues, will be shared equally by the Government of Canada and the Province of Manitoba. Administrative revenues include a per acre administrative fee shown as a recovery from insured producers. Administrative expenses relating to the Hail Insurance Program are recovered from the insureds.

Identifiable administrative expenses for all of the programs administered by the Corporation are charged directly to the specific program. Where direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by the Corporation's Board of Directors.

4. Other Programs

(A) Statement 1

Effective January 1991, the Corporation assumed responsibility for the administration of the agreement between the Government of Canada and the Province of Manitoba for the Revenue Protection component of the Gross Revenue Insurance Plan (GRIP) for crops produced in Manitoba.

For the year ended March 31, 1993 and subsequent years, the GRIP premiums are shared between the insured producers (33.33%), the Government of Canada (41.67%), and the Province of Manitoba (25%).

The administrative expenses incurred by the Corporation to administer the GRIP program are shared equally by the Government of Canada and the Province of Manitoba.

The Government of Canada and the Province of Manitoba terminated GRIP at the end of the 1995 crop year. In February 1997, $47,491,745 or 75% of the March 31, 1996 excess of revenue over expenditure was distributed to the participants according to their respective premium contributions. The balance of the excess revenue over expenditure earns interest and will be distributed to the participants once all the outstanding issues relating to GRIP are finalized.

(B) Statement 2

The Corporation administers the Wildlife Damage Compensation Program that was established to compensate producers 100% for losses or damage to agricultural crops and products caused by big game, waterfowl or livestock predation. The Government of Canada contributes 40% for losses and 50% of the total administrative expenses. The Province of Manitoba contributes 60% for losses and 50% of the total administrative expenses.

(C) Statement 3

Effective June 1993, the Corporation assumed responsibility for the administration of the Management Plus Program. The program was established to provide producers with data from the Corporation to assist them in making management decisions regarding their farm operations. The administrative expenses incurred by this program to March 31, 1999 were recovered from the Manitoba Association of Agriculture Societies Inc. For the year ending March 31, 2000, funding was provided by the Manitoba Rural Adaptation Council Inc.

(D) Statement 4

Commencing June 1999, the Corporation assumed responsibility for the administration of the Manitoba Farm Disaster Assistance Program (MFDAP). This program was introduced to help producers affected by the excess moisture conditions which impaired seeding, and damaged forage fields and pastures in the spring of 1999. The program covered unseeded land, forage restoration, hay shortfall and custom seeding. Funding for the program was provided by the Province of Manitoba.

(E) Statement 5

The Corporation is administering the Canada-Manitoba Adjustment Program (CMAP) on behalf of the Government of Canada and the Province of Manitoba. This program provides producers of grains, oilseeds and special crops with a one-time payment to assist them as they complete the adjustment from the elimination of transportation subsidies during a period of low prices.

Assistance of $100 million is being provided through this program. This amount includes administrative expenses and is being cost shared by the Government of Canada (60%) and the Province of Manitoba (40%).

MANITOBA CROP INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2000

5. Accounts Receivable

The accounts receivable as of March 31, 2000 consist of the following:

	March 31, 2000					March 31, 1999
	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan	Other Programs*	Total	Total
Insureds	$ 765,134	413,782	-	143,624	$ 1,322,540	$ 706,685
Government of Canada	1,186,667	-	856	60,107,439	61,294,962	1,097,211
Province of Manitoba	1,599,333	-	513	40,540,549	42,140,395	1,608,013
Accrued Interest	5,821,374	540,451	79,243	-	6,441,068	4,275,770
Other	23,556	-	-	-	23,556	77,005
	$9,396,064	954,233	80,612	100,791,612	$111,222,521	$7,764,684

* Included in Other Programs are accounts receivable of $100,000,000 for CMAP, $684,173 for MFDAP and $107,439 for Wildlife Damage Compensation Program.

6. Capital Assets

	March 31, 2000			March 31, 1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and Equipment	$ 157,328	71,833	$ 85,495	$ 83,948
Computer Hardware	453,399	339,941	113,458	149,684
Computer Software	71,091	49,801	21,290	32,975
Major Application Development	2,907,419	1,763,567	1,143,852	1,494,186
Leasehold Improvements	274,652	138,013	136,639	155,041
	$3,863,889	2,363,155	$1,500,734	$1,915,834

7. Indemnities Payable

Indemnities payable for the Crop Insurance Program of $1,643,030 (1999 - $981,966) provide for indemnity payments relating to the 1999 crop year. This amount includes an estimate of $607,000 (1999 - $395,700) which represents the liability for unpaid claims and the loss of crop value due to the overwinter deterioration of unharvested crops.

Indemnities payable for Other Programs of $100,810,119 include a provision of $99,900,000 for assistance payments through the Canada-Manitoba Adjustment Program and an estimate of $593,650 representing the liability for unpaid claims under the Manitoba Farm Disaster Assistance Program.

8. Deferred Revenue

Deferred revenue represents administrative subsidies provided equally by the Government of Canada and the Province of Manitoba and used to acquire capital assets. Deferred revenue is recognized as revenue when amortization is recorded on capital assets.

MANITOBA CROP INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2000

9. Reinsurance Funds - Crop Insurance

In accordance with the terms of a reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of Government maintain separate reinsurance accounts. The Corporation pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba, and to the Crop Reinsurance Fund of Manitoba, based on premiums collected plus the matching contributions paid by the Government of Canada and the Province of Manitoba. When indemnities are in excess of the funds retained by the Corporation and certain other conditions are met, transfers are made from the Crop Reinsurance Fund accounts to the Corporation. Interest is neither credited nor charged to the Funds by the Government of Canada or the Province of Manitoba.

The status of the Crop Reinsurance Fund accounts as at March 31, 2000, is as follows:

	Reinsurance Fund of Canada for Manitoba		Reinsurance Fund of Manitoba	
	2000	1999	2000	1999
Opening surplus (deficit)	$(2,885,689)	$(7,005,373)	$19,792,254	$15,672,570
Current year premium contributions (net) *	439,319	4,119,684	439,319	4,119,684
Closing surplus (deficit)	$(2,446,370)	$(2,885,689)	$20,231,573	$19,792,254

* Current year reinsurance premium contributions are shown net of an allowance for uncollectible accounts.

10. Lease Agreements

Manitoba Crop Insurance Corporation has entered into long-term lease agreements. The minimum payments under these leases are as follows:

Year Ending March 31st	Lease Agreement Amounts
2001	$ 456,130
2002	344,578
2003	283,195
2004	256,444
2005	196,331
	1,536,678
2006 and beyond	479,274
	$2,015,952

MANITOBA CROP INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2000

11. Contingencies

Various legal actions for additional indemnity payments and coverage have been commenced by producers against the Corporation. The outcome of these claims cannot be determined at this time.

12. Actuarial Review

An actuarial review on the crop insurance programs was completed by the firm of Tillinghast in January 1998. The actuarial report concludes that the methodology used by the Corporation in establishing the probable yields of the crops covered by these programs meets the requirements of the Federal Crop Insurance Regulations. The report also concludes that the premium rate methodology is actuarially sound, is sufficient to meet expected claim costs, and includes a provision for adverse deviations from expected results.

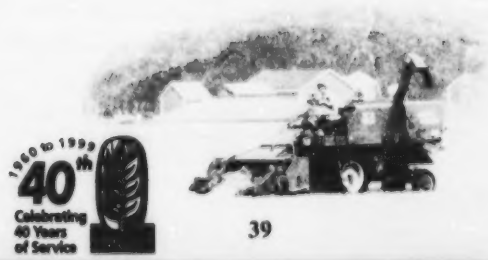
A comprehensive actuarial review is completed every five years with any new programs or program changes being reviewed annually.

13. Related - Party Transactions

The Corporation is related in terms of common ownership to all Province of Manitoba-created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

14. Comparative Figures

Certain 1999 comparative figures in the financial statements have been reclassified to conform with the current year's presentation.



MANITOBA CROP INSURANCE CORPORATION

Schedule 1

SCHEDULE OF ADMINISTRATIVE EXPENSES

for the year ended March 31, 2000

		2000		1999
Adjusters' wages and expenses	$	2,113,051	$	2,090,558
Advertising		119,340		83,605
Amortization expense		475,498		506,069
Appeal tribunal		14,589		3,382
Audit fees and legal		253,814		205,235
Directors' remuneration and expenses		47,314		49,231
Furniture and equipment		51,988		67,630
Information technology		430,517		470,035
Office rental and utilities		555,722		561,537
Other administrative expenses		295,055		204,808
Other administrative recoveries		(239,145)		(78,630)
Postage		107,720		106,706
Printing, stationery and office supplies		154,884		155,594
Salaries and employee benefits		5,384,138		5,240,253
Telephone		122,014		142,783
Travel and automobile expenses		278,160		253,131
Total administrative expenses	$	10,164,659	$	10,061,927
Administrative expenses allocated to:				
Crop Insurance Program	$	8,666,572	$	8,541,374
Revenue Insurance Program		80,198		60,414
Hail Insurance Program		1,417,889		1,460,139
Total administrative expenses	$	10,164,659	$	10,061,927